

Integrated Portfolio Management

SMART Performance & Risk Management™



Introduction

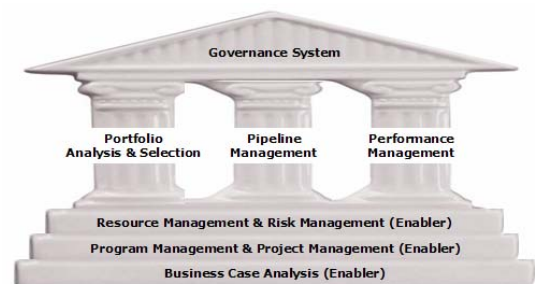
A business strategy becomes real when the first project investment is made. As such, more business executives are recognizing the need to manage their project investments as an integral part of their business strategy. Whether the strategy is focused on growing top-line revenues through the introduction of new products or services, or reducing costs of shared services and infrastructure, an enterprise-level Integrated Portfolio Management (IPM) process is critical to improving the bottom-line and succeeding in today's competitive environment.

What is Integrated Portfolio Management?

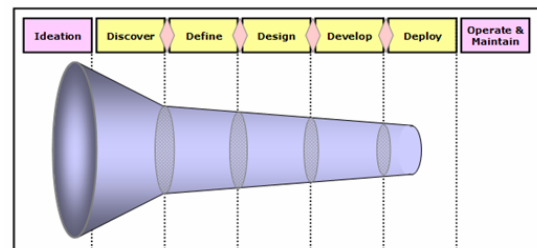
IPM is our proven and integrated set of processes, methods, and tools that help enterprises select and manage portfolios to improve performance. IPM consists of three enablers, three capabilities (pillars), and a Governance System that provides the leadership, policy and management systems to effectively manage project investments.

IPM Enablers include (from bottom to top): (1) **Business Case Analysis**, to assess the expected and realized costs and benefits of project investments; (2) **Program & Project Management**, to manage the technical, schedule, cost, and quality aspects of active programs and projects; and (3) **Resource Management & Risk Management**, to ensure that the human and system resources are available to initiate and complete programs and projects, and to ensure that risk and opportunities are being managed proactively.

IPM Capability Pillars include (from left to right): (1) **Portfolio Analysis & Selection**, which helps cross-functional teams assess the business value of competing projects, and to make decisions regarding the selection of projects and the allocation of investment resources; (2) **Pipeline Management**, which helps organizations consistently and efficiently convert ideas into high-quality products and services through the use of a project lifecycle – with set phases, standard deliverables, and established decision criteria; and (3) **Performance Management**, which provides insight and visibility into performance of IPM initiatives, portfolios, and organizations. This capability also includes enterprise-level tools for tasking, communicating, and reporting on individual projects as they progress and complete, as well as executive dashboards at the portfolio-level so that a portfolio's strategic alignment, mix and balance can be measured and assessed. Organizations that deploy the three IPM capabilities (see the IPM Funnel above) can expect to have a world-class demand management process, and increase pipeline throughput while also reducing time-to-market.



The IPM Parthenon



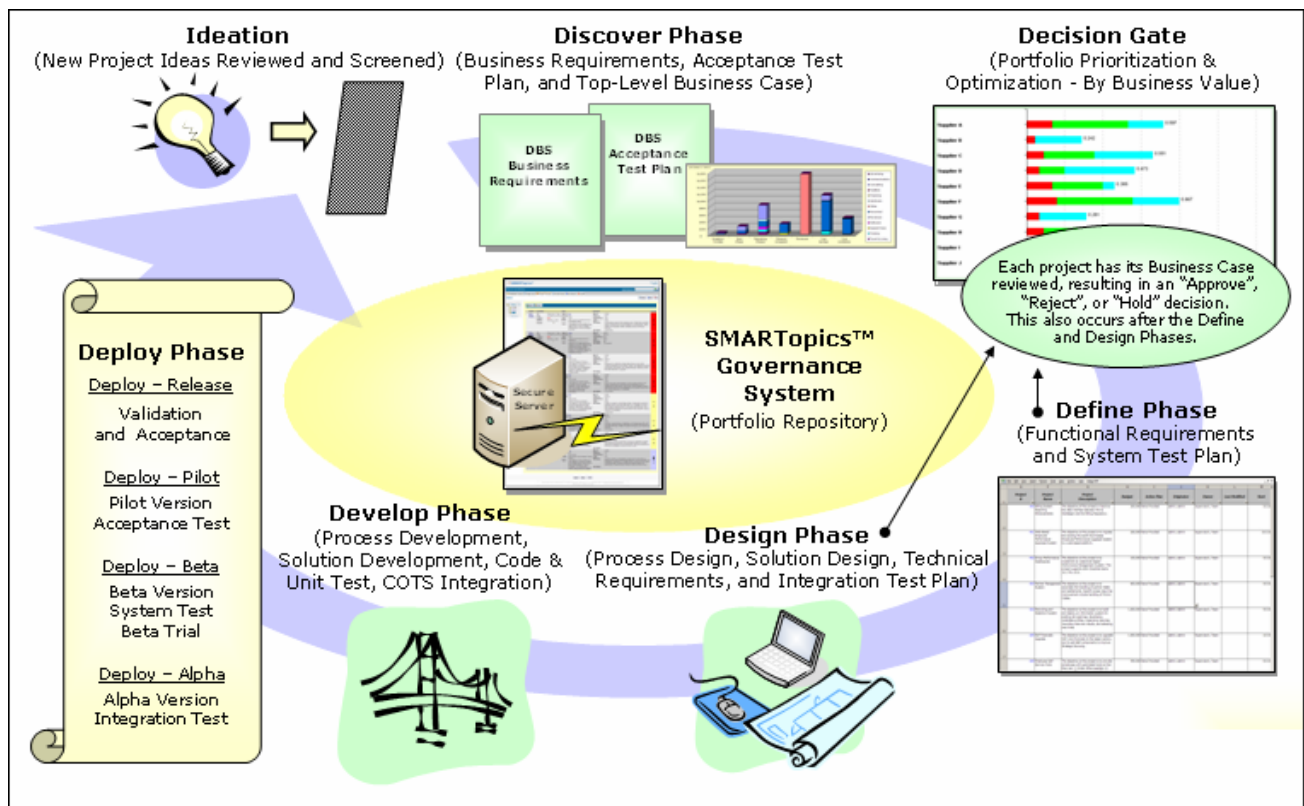
The IPM Funnel

How is Integrated Portfolio Management “Integrated”?

Because the implementation of a business strategy depends on the successful management of project investments, IPM was designed to integrate: business and technology; decisions into existing management systems; and enablers and capabilities. When deployed individually, you can expect significant incremental improvements and advancement toward your objectives. When deployed together, you can expect their synergy to accelerate the fulfillment of your objectives.

Is Integrated Portfolio Management a System?

Yes, in the IPM System below, project investments are governed throughout their lifecycle using the SMARTopics™ Governance System (see center). Those ideas with merit pass through an initial review and screening process before proceeding to the Discover Phase, where the Business Requirements, Acceptance Test Plan, and Top-level Business Case are developed. These artifacts allow for the analysis and selection of projects, based upon their associated business value. Those projects that proceed are reviewed again at the end of the Define and Design Phases to determine whether continuing an investment is warranted. In situations where the business case has changed to become unfavorable, or where the health and status of the project investment is adverse, the project could be terminated or placed "On-Hold", so that more promising projects can be initiated. After these three (3) successive Decision Gates, where the quality of information to support decision-making becomes progressively better, only the most promising and highest value projects move into the Develop and Deploy Phases, where they incur ~60% of their total implementation cost. Through comprehensive reporting, and Quarterly Portfolio Reviews (not depicted here), portfolio performance feedback is incorporated into future project investment decisions.



The Integrated Portfolio Management (IPM) System

What Benefits Can You Expect From IPM?

- ✓ Executive **consensus** and **buy-in**
- ✓ Rapid and binding **decision-making**
- ✓ Tighter **cross-functional teamwork**
- ✓ World-class **demand management**
- ✓ Strategic **alignment**
- ✓ Improved **business agility**
- ✓ Better process **coordination** and **clarity**
- ✓ Resource **efficiencies**
- ✓ Shorter **time-to-market**
- ✓ Increased pipeline **throughput**
- ✓ Performance **visibility** and **insight**
- ✓ Greater **accountability**

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